



**PACE Outcomes
Children, Families, Health and Human Services
Interim Committee
1/23/12**

Given the CFHHS Interim Committee's interest in Medicaid cost containment options, Billings Clinic wanted to brief this committee on the outcomes of PACE (Program for All-Inclusive Care of the Elderly) clients six months after the program closure.

As you may recall, the state terminated the contract with Billings Clinic, and we were unable last legislative session to restore funding.

PACE programs function as a fully accountable care organization. They are responsible for the quality and cost of ALL care provided both directly and through contracted providers. Monthly capitated payment from Medicare and Medicaid are pooled and care is provided following a comprehensive assessment of the participant's needs. PACE's inclusive capitated single payment for all necessary care provides strong incentives to avoid duplicative or unnecessary services and encourages the use of appropriate community-based alternatives to hospital and nursing home care. The contract we held with the State fixed the Medicaid reimbursement for PACE clients at 95% of the costs the State has historically spent on a similar population.

Billings Clinic asserted during our advocacy to restore PACE funding that elimination of funding for PACE (Program of All Inclusive Care for the Elderly) was a short term action that would reduce expenses in the Senior and Long Term Care Division (SLTCD) budget, however, additional spending will occur in other parts of the Department of Public Health and Human Services (DPHHS) budget, i.e., hospital and physician services. The SLTCD staff acknowledged that should PACE funding be eliminated; they would only be able to reduce this spending by 50% as beneficiaries would continue to require Medicaid spending for nursing home and waiver services.

We believed without the integrated care coordination and full risk capitation payment to this provider sponsored PACE program, clients will have avoidable emergency department, acute hospital and specialty physician visits. These Medicaid costs are in other parts of the DPHHS budget. These avoidable health care costs will also impact Medicare spending.

The PACE program was envisioned to serve a small population in Yellowstone County and during its two years of operation—2009 and 2010—served a total of approximately 70 clients at its highest enrollment.

Billings Clinic has been interested in tracking selected outcomes of these PACE clients following the program closure in June 2011. We realize the challenges of an analysis of small numbers. Staff at Billings Clinic received a grant through the American Academy of Nurse Practitioners (AANP) to follow these people for the next two years. We have just begun gathering data and the initial estimation that the State would not experience the full savings of terminating the program because Medicaid beneficiaries would require expensive nursing home services. Our initial data shows that to be the case. In terms of permanent nursing home placements, for the year 2009, there were three, for the year 2010 there was one. For the first quarter of 2011 there was one. In the last six months since the program closure, there have been seven. We will also be gathering numbers for emergency department usage, hospitalization, or use of in-home services and intend to share that information with interested parties.